

Kentucky Teachers' Retirement System

GLOSSARY of TERMS

KTRS- Kentucky Teachers' Retirement System

KRS - Kentucky Retirement Systems – KERS (Kentucky Employees' Retirement System), CERS (County Employees' Retirement System), SPRS (State Police Retirement System)

Reciprocal Retirement Systems - KRS (see above), Legislators' Retirement Plan, Judicial Retirement System, and KTRS. Each system recognizes service earned in the other systems when calculating a member's total years of service. Separate retirement applications must be filed with each system in which the member has an account.

Defined Benefit Plan – KTRS is a defined benefit plan that guarantees a lifetime benefit based on the member's years of service, average salary and the retirement factor. The amount of member contributions does not determine the amount of retirement benefit. (See "*Kentucky Teachers' Retirement System*" pamphlet).

Defined Contribution Plan – A retirement plan in which the amount of monthly benefit is based on the member's contributions and the invested earnings of those contributions. A lifetime benefit is not guaranteed.

Members – Individuals who are employed in eligible agencies and occupy positions that require either Certification by the Department of Education or graduation from a four (4) year college or university as a condition of employment. (*Prior to July 1, 2002, full-time employment was a condition for membership*).

Eligible agencies include: public schools; Dept. of Ed.; the State Universities (except Northern, UK, and U of L); the Community Colleges; some KCTCS positions; Regional Cooperatives; Dept. of Vocational Rehabilitation; etc. See of the KTRS Law Book for a complete list. (KRS 161.990(4))

Active Member – A member of KTRS who has made contributions and those contributions remain in his/her KTRS account.

Active Contributing Member – A member who is currently making contributions to KTRS or who made contributions in the next preceding fiscal year.

Contributions – The money that is deducted from a member's earnings each month and placed in the member's KTRS account. The contribution rate for non-university members is 9.855% (no Social Security contributions); for University members the KTRS contribution rate is 6.16% (plus Social Security contributions). **** Contribution rates for members hired as of July 1, 2008 are as follows: 10.855% for non-university members & 7.16% for university members. For additional information see "Legislation" then select "HB 1".**

Service Credit – The percentage of contract days that a member works. Each member has a specific number of contract days that he/she must work in order to receive a full year of service for the current year (ex. 185, 190, 240, 260). If a member does not work the full contract, the fractional year of service for the current year is determined by dividing the number of days worked by the number of contract days. Current law permits a full year of service with no more than five unpaid days.

Full year of Service (1.0) - This is obtained by working the required number of contract days and remaining in active status for the full fiscal year. If a member completes his/her full contract and retires as of July 1, the member will receive a full year of service. If the member completes his/her full contract and retires as of June 1, he/she will receive .92 year of service because the member is not in active status for the full fiscal year (the member is active for 11 months and retired for the 12th month). KRS.161.500 allows 1.0 year of service credit if the member has 5 or fewer unpaid days.

Fiscal year – July 1 through June 30 of the following year.

Vested - Five (5) years of creditable Kentucky service is vesting and the member is eligible to receive a lifetime benefit at age 55.

Beneficiary Designation – There are 2 designations that each active member needs to make:

- (1) the beneficiary of the member's KTRS account balance (Form F1C)
- (2) the beneficiary of the Life Insurance Benefit (Form DB1)

Refund of a KTRS Account – A member who is no longer employed in a KTRS-covered position may withdraw his/her contributions if he/she is not eligible to retire.

Reinstatement of a previously refunded KTRS Account – An active contributing member who has 1 year of active KTRS service may reinstate contributions (plus interest) and service credits that were previously refunded.

Service Retirement – A member is eligible to receive a lifetime monthly benefit if he/she has 27 years or more of active Kentucky service (regardless of age) or if he/she has at least 5 or more years of active Kentucky service and is at least 55 years of age (with a reduction) or 60 years of age (with no reduction).

Disability Retirement – A member must be vested in order to receive a monthly benefit (unless the disabling condition is work related) and the disabling condition must be severe enough to prevent the member from performing his/her job duties for at least 12 months. Application must be made within one year of the member's last contributing service. Effective July 1, 2002, if a member has 27 years of service he/she is not eligible for disability retirement because he/she is eligible to receive service retirement benefits. (See *"Disability Information" pamphlet*).

Estimate of Retirement Benefits – KTRS can provide a member with an estimate of his/her KTRS monthly benefit. The member must provide KTRS with specific information, including current earnings, number of unused sick days and the anticipated retirement date. The estimate letter will be mailed to the member. (See *"Service Retirement" pamphlet* and *"Retirement Options" pamphlet*).

Salary – Member's contract salary plus extra earnings for additional service.

"Sick Leave" – Each employing agency has a policy on how the member's unused sick days are used in calculating the member's retirement. Some agencies give the member service credit for the unused sick days (the number of unused sick days divided by 185); some school districts give the retiring member a percentage of the daily rate for each unused sick day and this amount is added to the member's last year's salary.

Some members who are 12-month employees will have unused sick, annual, and/or comp. time for which the employing agency will provide service credit and/or payment.

Service Credit Purchases – Active-contributing members may purchase additional service credit if eligibility factors are met. Categories of service purchases include:

- Reinstatement of a previously withdrawn account;
- Current and non-current leaves of absence;
- Military service;
- Out-of-state service and Peace Corps;
- Part-time/Balance of the year; Unpaid days/fractional service;
- Mental health and Mental Retardation service.
- Non-standard service (also known as non-qualified service, “air time”)
(See *“Ways to Increase Service Retirement” pamphlet*).

Installment Plan – KTRS allows payroll deduction or bank draft payments as a means of purchasing service. The interest charged is 8% compounded annually.

Survivor Benefits – These monthly benefits are provided to the survivors of an active contributing member upon the death of the member. Persons who may qualify:

- A member’s widow/widower if named beneficiary;
- Minor children:
 - under the age eighteen (18);
 - up to age twenty-three (23) if a full-time college student;
 - unmarried; and
 - benefits are limited to four (4) minor children.
- Mentally or physically disabled adult children;
- Dependent parents; or
- Dependent brothers or sisters

(See *“Death & Survivorship Benefits” pamphlet*).

Health Insurance – KTRS provides access to group health insurance coverage for retired members. The amount of the KTRS supplement depends on the member’s years of service. Retirees who are under 65 years of age are covered by the Commonwealth of Ky. State plans; retirees who are over 65 years of age must enroll with Medicare and KTRS provides a “supplement” to the Medicare coverage and a prescription drug coverage to help with prescription drugs.

KEA-R – Kentucky Education Association-Retired is an organization much like KRTA. (PH: 888/456-9097)

KRTA – Kentucky Retired Teachers' Association is an organization of retired teachers that provides additional information; support; dental, visual, long-term health insurance, etc. (PH: 800/551-7979)

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